

OFFICE OF THE
LEGISLATIVE
FISCAL
ANALYST

JONATHAN C. BALL
DIRECTOR

MEMORANDUM FOR EXECUTIVE APPROPRIATIONS COMMITTEE

FROM: Russell Frandsen, Product Manager
DATE: November 9, 2016
SUBJECT: Long Term Liabilities

Enclosed please find Note 10, Long-Term Liabilities, from the Division of Finance's FY 2016 Comprehensive Annual Financial Report (CAFR).

The CAFR also includes Note 15, Litigation, Contingencies, and Commitments. Although this section is not yet completed, below are two examples together with their balances as of June 30, 2016:

1. Charter School Credit Enhancement Program - \$224,145,000
 - a. "If a charter school with bonds issued under the Program draws on its debt service reserve fund, state law requires the Governor to request an appropriation from the Legislature to restore the school's debt service reserve fund to its required level or to meet any principal or interest payment deficiency. However, the Legislature is not required to make any such appropriations."

2. School Bond Guaranty Program - \$2,916,899,000
 - a. "Pledges the full faith, credit, and unlimited taxing power of the State to guaranty full and timely payment of the principal and interest on general obligation bonds issued by qualifying local school boards."

The language in quotes above comes from pages 116 and 117 of FY 2015's CAFR; see <http://finance.utah.gov/reporting/documents/15UTCAFR.pdf>.

UTAH STATE CAPITOL COMPLEX
HOUSE BUILDING, SUITE W310
P.O. BOX 145310

SALT LAKE CITY, UTAH

PHONE: (801) 538-1034
FAX: (801) 538-1692

WEBSITE:
WWW.LE.UTAH.GOV/LFA



NOTE 10. LONG-TERM LIABILITIES

A. Changes in Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2016, are presented in the following table. As referenced below, certain long-term liabilities are discussed in other Notes to the Financial Statements.

	Long-term Liabilities (Expressed in Thousands)			Ending Balance	Amounts Due Within One Year
	Beginning Balance	Additions	Reductions		
Governmental Activities					
General Obligation Bonds	\$ 2,830,150	\$ —	\$ (331,255)	\$ 2,498,895	\$ 324,910
State Building Ownership Authority					
Lease Revenue Bonds.....	166,773	93,625	(17,422)	242,976	17,813
Net Unamortized Premiums	122,321	4,405	(33,899)	92,827	26,305
Capital Leases (Note 9)	20,287	5,100	(1,889)	23,498	1,864
Notes Payable.....	370	—	(31)	339	34
Compensated Absences (Note 1) **	185,792	86,398	(89,483)	182,707	89,800
Claims **	46,931	17,003	(15,842)	48,092	20,565
Pollution Remediation Obligation	5,086	2,296	(981)	6,401	570
Net OPEB Obligation (Note 18) **.....	4,126	1,110	(1,388)	3,848	—
Settlement Obligations	4,471	—	(4,106)	365	46
Net Pension Liability (Note 17) *.....	802,543	189,952	—	992,495	—
Total Governmental Long-term Liabilities.....	\$ 4,188,850	\$ 399,889	\$ (496,296)	\$ 4,092,443	\$ 481,907
Business-type Activities					
Student Assistance Revenue Bonds.....	\$ 1,509,543	\$ —	\$ (253,517)	\$ 1,256,026	\$ 246,498
State Building Ownership Authority					
Lease Revenue Bonds.....	73,207	4,525	(5,057)	72,675	5,237
Water Loan Recapitalization Revenue Bonds	46,940	—	(5,025)	41,915	5,235
Net Unamortized Premiums	8,696	230	(3,503)	5,423	1,566
Claims and Uninsured Liabilities	7,587	182,949	(184,810)	5,726	5,726
Notes Payable.....	1,152,207	—	(230,212)	921,995	921,995
Net Pension Liability (Note 17) *.....	13,320	4,525	—	17,845	—
Total Business-type Long-term Liabilities	\$ 2,811,500	\$ 192,229	\$ (682,124)	\$ 2,321,605	\$ 1,186,257
Discrete Component Units					
Revenue Bonds.....	\$ 984,043	\$ 172,282	\$ (91,724)	\$ 1,064,601	\$ 45,729
Net Unamortized Premiums / (Discounts).....	13,161	4,130	(1,519)	15,772	596
Capital Leases/Contracts					
Payable (Notes 9 and 10).....	165,328	89,099	(26,219)	228,208	30,485
Notes Payable.....	180,167	226	(58,060)	122,333	65,817
Claims	131,005	554,729	(547,942)	137,792	65,306
Leave/Termination Benefits (Note 1).....	133,595	106,539	(97,443)	142,691	90,771
Capital Assets Held for Others	14,135	—	(405)	13,730	403
Net Pension Liability (Note 17) *.....	271,955	74,740	—	346,695	—
Total Discrete Component Long-term Liabilities.....	\$ 1,893,389	\$ 1,001,745	\$ (823,312)	\$ 2,071,822	\$ 299,107

Amounts in the beginning balance column for Business-type Activities and Discrete Component Units have been adjusted as follows: for Utah Dairy Commission (nonmajor enterprise fund) net pension liability increased \$467 thousand and; for Public Employees Health Program (major component unit) net pension liability increased by \$12.487 million and Utah State Fairpark Corporation (nonmajor component unit) net pension liability increased by \$433 thousand for a total of \$12.920 million. See Note 2 for further explanation.

* The net pension liability of governmental activities is liquidated in the General Fund, Education Fund, or Transportation Fund according to the applicable employing state agency. The net pension liability of business-type activities is liquidated in the specific funds that pay the employer contributions and includes Student Assistance Program, the Internal Service Funds, Alcoholic Beverage Control, Utah Correctional Industries, and State Trust Lands Administration. The changes in the liability are netted as additions for the governmental activities and business-type activities since that information is not readily available for inclusion. See Note 17 for additional pension information.

** Compensated absences of governmental activities are liquidated in the General Fund, Education Fund, or Transportation Fund according to the applicable employing state agency. Claims liabilities of governmental activities are liquidated in the Risk Management Internal Service Fund. Net OPEB obligation of governmental activities is liquidated in the General Fund.